

## Open Letter

# Medicaid: A Future Leader in Effective, High-Quality Care

With support of the federal government, state governments, and philanthropic foundations, the Medicaid program has the potential to become a national leader in effective, high-quality care over the next five years. We call upon public and private sector leaders to invest in this potential and show the nation how to deliver more effective care to its citizens, especially children with special needs, adults with multiple chronic conditions, and the frail elderly.

Key elements in this strategy include: (1) a federal-state commitment to Medicaid's leadership in high-quality, effective care and a collaborative structure to set goals, identify and implement best practices, and oversee progress; (2) investment in health information technologies to create a national Medicaid performance and quality reporting system, with electronic health records and claims-based databases, that can assess problems, target solutions, and improve performance; and (3) a Medicaid comparative effectiveness initiative to accelerate learning about the best clinical care for patients and the development of quality measures for Medicaid's enrollees.

This strategy builds on the example set by the veterans health care system, which demonstrated how a public program can become a national leader in health care quality. Federal roles would include co-leadership with states, clinical effectiveness and quality research, financial support, and technical assistance. State roles would include development and testing of innovation, development of Medicaid performance and quality reports, improving quality, and the sharing of lessons on both productive failures and proven practices. Finally, philanthropy would support Medicaid as a national learning laboratory and identify Medicaid lessons that could show how to improve care for similar patients throughout the health care system.

## Background

The federal-state Medicaid program is the nation's largest health care program. In 2008, it will pay for more than \$350 billion of health care to more than 50 million enrollees.

The Medicaid program pays for a disproportionate share of health care for children, pregnant women, individuals with serious disabilities and/or multiple chronic conditions, special needs populations, and frail elderly persons needing long-term care. Indicative of its importance, Medicaid pays for more than one-third of all deliveries and finances more than 20% of children's health care (along with SCHIP), about 40% of long term care expenses, and more than 25% of all mental health expenditures. It also fills the gaps in coverage for 7 million low-income Medicare beneficiaries.

Much of the American health care system, including Medicaid, is still well behind where it should be in delivering quality care. Medicaid needs a national quality reporting system that helps to create a nationwide system of consistent performance measures and reporting infrastructure.

## **Opportunities**

A new President and Congress, with state commitment and collaboration, could chart a course for Medicaid to become a national leader in the delivery of high quality, effective health care within five years. Over the last several years, substantial progress has been made in building the foundations for national Medicaid initiatives for quality and effective care in the critical areas of quality measurement, health information technology (HIT), and effectiveness research.

**Quality** — The National Quality Forum is developing national goals, priorities, and strategies for quality improvement and has endorsed over 300 national standardized performance measures; a quality measurement system for HMOs and PPOs (the National Committee for Quality Assurance's HEDIS measures) has been developed, and a medical home model for chronically ill and complex patients has emerged; and the Quality Alliance Steering Committee is implementing a provider-level quality reporting system using private health plan and Medicare data. In effectiveness research, HHS has established a national system of centers to evaluate clinical evidence, and it sponsors a national clearinghouse on practice guidelines and supports rapid-learning networks. It also recently expanded its national priority agenda for clinical effectiveness research to include the Medicaid and SCHIP populations.

**HIT** — The federal and state governments have been working on a new Medicaid information system (MITA - Medicaid Information Technology Architecture) that can enable a national and state-level quality reporting and management system. HHS and the private sector have made great progress at working through technical issues for a national system of electronic health records and national health information infrastructure.

With this new federal-state strategy, Medicaid HIT investments could proceed rapidly; the Medicaid statute provides 90% federal match for state investments in new HIT systems (and 75% for operating expenses). New HIT systems that include clinical information, such as laboratory test and prescription drug information, would enable Medicaid programs to assess quality of care for their 50 million enrollees on the HEDIS measures, set intervention targets, and improve performance. With electronic health record and claims-based registries and additional funding for effectiveness research, HHS, states, and a Medicaid rapid-learning network would be able to move forward quickly on Medicaid-specific effectiveness and quality research and predictive models.

## **Lessons from the VA**

Today, the veterans health care system is one of the nation's leading health care systems, offering a national model for high-quality, efficient care and first-rate research programs. Yet 20 years ago, the VA system was rated well below average. What transformed VA care, first and foremost, was a commitment by the VA's leadership to transform itself. To realize this vision, the VA made a major commitment to develop and use quality measures, create a culture of accountability, set quality goals, learn rapidly about how to improve care, and identify and use best practices. A key element in the VA strategy was the development and use of HIT, particularly the VISTA electronic health record system. The VA financed all of its initial progress from the savings it realized through quality improvements and better use of its assets.

Medicaid is similar to the VA in that it is a public program with many opportunities to improve performance. Its public sector leaders at federal and state levels could make a similar bold commitment to advance effective, high-quality health care. Both serve complex, high-need populations that depend heavily on these public programs. Medicaid's fiscal and quality problems require system-wide investments, much as the VA's system did.

Medicaid has strong potential leaders among many states, the federal government, and think tanks and foundations. Medicaid programs are testing new purchasing, reporting, contracting, and payment reform strategies, and they benefit from diversity among states and their potential to experiment and learn quickly from each other. Further, several state Medicaid agencies have begun in earnest to coordinate with other state and private health care purchasers to lead statewide quality improvement efforts. However, a rapid upgrade of Medicaid HIT systems and quality improvements would need investments from the federal government, foundations, and other national groups.

## **Our Proposal**

Over the next five years, Medicaid can help to lead a new national strategy for advancing high-quality, effective health care. Given its high-needs populations and federal-state administration, this may be one of the most difficult challenges -- and it may be one of the greatest opportunities for improving health and health care. We suggest that leaders from a new Administration and Congress, state governors and legislatures, other Medicaid stakeholders and the philanthropic community join in an effort to:

- (1) Set a national goal for Medicaid to become a leader in effective, high-quality care over the next five years.
- (2) Develop quickly a national Medicaid performance and quality reporting system.
- (3) Fund rapid-learning initiatives to address Medicaid clinical effectiveness and quality research priorities, and to identify best practices.
- (4) Establish a federal-state partnership structure to oversee and assist Medicaid progress toward these goals.

**Melanie Bella**

**Lee Partridge**

**Janet Corrigan**

**Gregory Pawlson**

**Karen Davis**

**William Roper**

**Lynn Etheredge**

**Vernon Smith**

**Kenneth W. Kizer**

**Stephen Somers**

**Judith Moore**

**Paul Wallace**

**Margaret O'Kane**